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## **Arizona Governor, Treasurer in Budget Showdown**

**With reportedly only 100 days of cash left, Arizona's chief executive Janet Napolitano — President-elect Obama's choice to head Homeland Security — and the state treasurer mix it up.**

When the going gets tough, political leaders apparently get testy. The governor of Arizona and the state's treasurer are embroiled in a showdown over how to address the state's funding needs.

According to *The Arizona Daily Star*, Treasurer Dean Martin put a plan in motion to begin borrowing money to pay bills, asserting that the state could run out of money in 100 days. However, Gov. Janet Napolitano, who has been nominated by President-elect Barack Obama to serve as U.S. Secretary of Homeland Security, moved to stop Martin from proceeding.

According to the report, Martin quickly called a rare meeting of the three-member Arizona Loan Commission, of which he and Napolitano are both members. Its job is to set the maximum interest rate the state is willing to pay on loans.

Martin said the state needs a line of credit to balance a \$1.5 billion budget shortfall in the current year. But Napolitano asserted in the meeting that the move is premature and tabled the issue, probably until she resigns as governor, according to the paper.

The tussle is not surprising, given that Napolitano is a Democrat and Martin is a Republican. And the state's financial problems are not unique, as many states are struggling with how to deal with huge budget imbalances due to the recession and accompanying shortfall in tax receipts.

In what the Arizona paper described as a fiery 20-minute meeting, Napolitano said Martin was failing to understand that the legislature could still cut funds or find new ones before state revenues dry up. She reportedly said she has presented a plan to resolve the problem. "Your kind of scenario presumes they don't act, the federal government doesn't act, nobody acts and 45, 60 days from now something might happen," Napolitano reportedly said.

Martin apparently accused Napolitano of not taking the situation seriously. He said he wants a plan in place in case the state runs out of options. The treasurer aims to set an interest rate so the state is prepared in the event it must borrow money, said the paper. "Governor, you have a problem.... You have a serious problem. We have to plan for the worst but work for the best," he reportedly said.

The meeting ended abruptly, with Napolitano getting up and declaring it over, added the paper. "If the treasurer were truly interested in working this out, there would have been a lot more consultation," Napolitano told reporters. "This was done as a media event. I'm glad you all enjoyed it."

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